

HISTORY INDEX FOR CASE: 1999-348
REIDLAND WATER & SEWER DISTRICT
Transfer/Sale/Purchase/Merger
TO PADUCAH WATER WORKS

IN THE MATTER OF THE JOINT PETITION OF THE PADUCAH WATER
WORKS AND THE REIDLAND WATER DISTRICT TO APPROVE THE
TRANSFER OF OWNERSHIP AND CONTROL OF THE REIDLAND WATER
DISTRICT TO THE PADUCAH WATER WORKS

SEQ NBR	ENTRY DATE	REMARKS
0002	08/16/1999	Application.
0003	08/23/1999	Acknowledgement letter.
M0001	08/23/1999	DAVID DENTON-ENTRY OF APPEARANCE
0004	09/01/1999	No deficiencies letter
0005	10/07/1999	Final Order approving the proposed transfer.

CASE NUMBER:

99-348

DENTON & KEULER

ATTORNEYS AT LAW

POST OFFICE BOX 929

PADUCAH, KENTUCKY 42002-0929

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WILLIAM E. PINKSTON
LISA H. EMMONS
DAVID L. KELLY
THEODORE S. HUTCHINS*
GLENN D. DENTON*
STACEY A. BLANKENSHIP
JOANNE M. EDWARDS*
SAMUEL CARLICK
OF COUNSEL

*Also Licensed To Practice In Illinois

RECEIVED
JAN 04 2000
PUBLIC SERVICE
COMMISSION
STREET ADDRESS
PADUCAH BANK BUILDING SUITE 301
555 JEFFERSON STREET
PADUCAH, KENTUCKY 42001

December 29, 1999

MS HELEN HELTON
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
FRANKFORT KY 40602

**Re: Joint Petition - Paducah Water Works and Reidland Water District
Case No. 99-348**

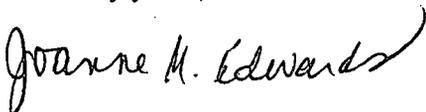
Dear Ms. Helton:

Pursuant to the order issued by the Public Service Commission dated October 7, 1999, the Commission approved the transfer of ownership of the Reidland Water District's entire water distribution system to Paducah Water Works.

One of the conditions within the foregoing order was that a copy of the Order issued by the County Judge/Executive dissolving the District be filed with the Commission within ten (10) days after such Order is issued. A copy of the Order is enclosed in compliance with the Commission's demand.

If you have any questions, please give me a call.

Sincerely yours,



Joanne M. Edwards

Enclosure

cc: Glen Anderson
W. David Denton via e-mail

IN RE: ORDER FOR THE DISCONTINUANCE OF REIDLAND WATER-SEWER DISTRICT
a/k/a REIDLAND WATER DISTRICT

RECEIVED
JAN 04 2000
PUBLIC SERVICE
COMMISSION

On the 17th day of December, 1999, the Reidland Water-Sewer District, a/k/a Reidland Water District (hereinafter referred to as the "District"), by and through its Commissioners for and in behalf of the customers of the District, petitioned the McCracken County Judge/Executive for an order discontinuing the District under KRS Chapter 74. The petition was filed pursuant to KRS 74.367.

The District is created and empowered pursuant to KRS Chapter 74. Its purpose was to operate a water distribution system and a sewer system for its customers located within the District.

On August 25, 1998 and September 14, 1998, respectively, the legislative bodies of the City of Paducah and McCracken County adopted identical ordinances, pursuant to KRS 76.231, which established the Paducah-McCracken County Joint Sewer Agency ("JSA"). As a part of these ordinances the JSA was obligated to assume the control, operations, assets and liabilities of the sewer system of the District. The JSA assumed such obligations and began operations on July 1, 1999. The JSA has the financial, technical and managerial abilities to provide reasonable service to the customers of the District in accordance with recognized standards and practices.

On May 11, 1999, an order was entered by the Public Service Commission wherein the Commission found that the transfer was in fact beneficial to the customers of the District, and accordingly, approved the transfer. Such is also the finding of the McCracken County Judge/Executive.

On June 30, 1999, the District and Paducah Water Works (hereinafter referred to as "PWW") entered into an agreement wherein the ownership, management and operation of the District's water distribution system was transferred and assigned by the District to PWW. PWW assumed such

obligations and began operations on December 1, 1999. PWW has the financial, technical and managerial abilities to provide reasonable service to the customers of the District in accordance with recognized and established standards and practices.

On August 16, 1999, an order was entered by the Public Service Commission wherein the Commission found that the transfer of the District's water distribution system to PWW was in fact beneficial to the customers of the District, and accordingly, approved the transfer. Such is also the finding of the McCracken County Judge/Executive.

By virtue of the foregoing Public Service Commission Orders, the McCracken County Judge/Executive deems that approval has been given by the Public Service Commission for the discontinuance of the District.

The McCracken County Judge/Executive further finds that over fifty percent (50%) of the freeholders within the District have requested, by virtue of the filing of the petition, that the District be discontinued. Pursuant to KRS 74.367 and KRS Chapter 474, notice of discontinuance was published in The Paducah Sun on December 21, 1999. Said notice provided that should any freeholder or customer of the District seek to protest the discontinuance of the District, he or she was requested to file a written protest of discontinuance with the Office of the McCracken County Judge/Executive setting forth the specific reasons for said protest. Said written protests were to be filed with the aforesaid office on or before December 28, 1999. To date, no written protests have been filed by any freeholder or customer.

It is the finding of the McCracken County Judge/Executive that since no protests have been filed, and additionally, that it is quite clear that the District serves no useful purpose, it is not necessary to have a hearing on the petition. The McCracken County Judge/Executive finds that all statutory requirements as set forth in KRS 74.367 have been met and satisfied, and that discontinuance of the District is in the best interest of the residents of the District. Accordingly, the

following order is entered:

IT IS HEREBY ORDERED that the Reidland Water-Sewer District, a/k/a Reidland Water District be, and it is hereby, discontinued and dissolved. It is further ordered that a copy of this order shall be forwarded to the Kentucky Public Service Commission in accordance with KRS 74.367(3).

THIS ORDER entered on this 29th day of December, 1999.



McCracken County Judge/Executive

W. DAVID DENTON
THOMAS J. KEULER
WILLIAM E. PINKSTON
LISA H. EMMONS
DAVID L. KELLY
THEODORE S. HUTCHINS*
GLENN D. DENTON*
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RECEIVED

DEC 1 0 1999

PUBLIC SERVICE
COMMISSION

PADUCAH BANK BUILDING SUITE 301
555 JEFFERSON STREET
PADUCAH, KENTUCKY 42001

December 7, 1999

MS HELEN HELTON
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
FRANKFORT KY 40602

**Re: Joint Petition - Paducah Water Works and Reidland Water District
Case No. 99-348**

Dear Ms. Helton:

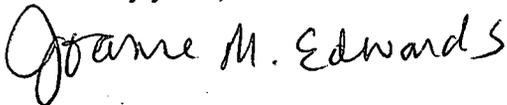
Pursuant to the order issued by the Public Service Commission dated October 7, 1999, the Commission approved the transfer of ownership of the Reidland Water District's entire water distribution system to Paducah Water Works.

One of the conditions within the order was that Reidland shall notify the Commission within twenty (20) days of the date of completion of the transfer. Please allow this letter to serve as such notice and please be advised that the transfer was completed as of December 1, 1999.

Proceedings have been initiated to dissolve the Reidland district, pursuant to KRS 74.367. A copy of the dissolution order issued by the County Judge/Executive shall be filed with the Commission within ten (10) days after such order is issued. Furthermore, within sixty (60) days, Reidland shall file with the Commission an annual report for the portion of 1999 in which it operated its water distribution system.

If you have any questions, please give me a call.

Sincerely yours,



Joanne M. Edwards

dm:6880



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 99-348
REIDLAND WATER & SEWER DISTRICT

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on October 7, 1999.

Parties of Record:

Frank Overbey
General Manager
Reidland Water & Sewer District
5514 Reidland Road
Paducah, KY. 42003

Glen Anderson
General Manager
Paducah Water Works
P. O. Box 2377
Paducah, KY. 42002 2377

Honorable W. David Denton
Attorney at Law
Denton & Keuler
P. O. Box 929
Paducah, KY. 42002 0929

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT PETITION OF THE PADUCAH)
WATER WORKS AND THE REIDLAND)
WATER DISTRICT TO APPROVE THE)
TRANSFER OF OWNERSHIP AND) CASE NO. 99-348
CONTROL OF THE REIDLAND WATER)
DISTRICT TO THE PADUCAH WATER)
WORKS)

O R D E R

On August 16, 1999, Paducah Water Works ("PWW") and Reidland Water District ("Reidland") submitted a joint application requesting the Commission's approval of the proposed transfer of ownership and control of Reidland to PWW. Pursuant to KRS 278.020(4), the Commission may approve the transfer of ownership or control of a utility under its jurisdiction to another utility by sale of assets, transfer of stock, or otherwise. In this case, Reidland intends to transfer its entire water distribution system consisting of all assets, rights, privileges, debts and liabilities to PWW. After the transfer, Reidland will still exist on paper as a legal entity until dissolved by order of the county judge/executive pursuant to KRS 74.367, but will no longer be in operation.

Reidland is subject to the Commission's jurisdiction pursuant to KRS 278.010(3)(d), KRS 278.015 and KRS 278.040(2). PWW is a municipally owned utility operating pursuant to KRS Chapter 96.

KRS 278.020(4) requires persons under the jurisdiction of the Commission to receive Commission approval prior to the acquisition or transfer of ownership or control

of a utility. KRS 278.020(5) prohibits any entity from acquiring control of any utility under the jurisdiction of the Commission without prior approval. The Commission finds that KRS 278.020(4) and 278.020(5) apply to the transaction proposed in the application and that Commission approval is necessary.

On June 30, 1999, Reidland and PWW entered into an Agreement setting forth each party's rights and responsibilities with respect to the transfer.

The Commission finds that although Reidland's customers are currently charged 20 percent less than the rate currently charged PWW's city of Paducah customers, PWW agrees to charge Reidland's customers the identical rates charged by Reidland on the effective date of the agreement. It further finds that PWW agrees to maintain the 20 percent rate differential for a period of 10 years.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that PWW has the financial, managerial, and technical ability to provide reasonable utility service to Reidland's current customers; that PWW is ready, willing, and able to provide water services to Reidland's customers; and that the proposed transaction is consistent with the public interest.

IT IS THEREFORE ORDERED that:

1. The proposed transaction consisting of the transfer of all the assets of Reidland and the assumption of all the debts and liabilities of Reidland by PWW, as well as responsibility for its management, operation and maintenance, as set out in the joint petition filed in this proceeding and in the agreement entered into by the parties to this proceeding, is approved.

2. Within 10 days after the county judge/executive by order dissolves Reidland pursuant to KRS 74.367, a copy of that order shall be filed with the Commission.

3. Until the transfer of ownership occurs, the Commission shall retain jurisdiction over Reidland's water distribution system and Reidland shall continue to comply with all Commission regulations, including those which require the timely filing of any information, notice, or reports.

4. Reidland shall notify the Commission within 20 days of the date of completion of the transfer.

5. Within 60 days of the date the transfer is completed, Reidland shall file with the Commission an annual report for the portion of 1999 in which it operated its water distribution system.

Done at Frankfort, Kentucky, this 7th day of October, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 1, 1999

Frank Overbey
General Manager
Reidland Water & Sewer District
5514 Reidland Road
Paducah, KY. 42003

Glen Anderson
General Manager
Paducah Water Works
P. O. Box 2377
Paducah, KY. 42002 2377

Honorable W. David Denton
Attorney at Law
Denton & Keuler
P. O. Box 929
Paducah, KY. 42002 0929

RE: Case No. 99-348
REIDLAND WATER & SEWER DISTRICT

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 16 1999

In the Matter of:

Joint Petition of the Paducah Water Works
And the Reidland Water District to Approve the
Transfer of Ownership and Control of The Reidland
Water District to the Paducah Water Works.

FILED Case No. 99-348

AUG 16 1999

PUBLIC SERVICE
COMMISSION

1. JURISDICTION

The Kentucky Public Service Commission (PSC) has jurisdiction over this matter pursuant to KRS 278.015 and KRS 278.020(4).

2. PETITIONERS.

a. The Paducah Water Works (PWW) was formed in the 1930's and acts pursuant to KRS Chapter 96. A copy of PWW's 1998 Financial Statement is attached hereto, and by reference made a part hereof, and marked as Exhibit A.

b. The Reidland Water District ("District") is a Kentucky water district established in 1954 pursuant to KRS Chapter 74. A copy of the original ordinance establishing District is attached hereto, and by reference made a part hereof, and marked as Exhibit B. A copy of District's 1998 Annual Report to the PSC is attached hereto, and by reference made a part hereof, and marked as Exhibit C.

3. TRANSFER AGREEMENT

Subject to the approval of the Public Service Commission, the Kentucky Division of Water and applicable lending agencies, PWW entered into a transfer agreement with District, dated June 30, 1999, wherein District assigned and transferred to PWW its entire water distribution system consisting of all assets, rights, privileges, debts and liabilities of every nature and wheresoever situated. A true and exact copy of said agreement is attached as Exhibit D.

The terms and provisions of the transfer agreement are most beneficial to the customers of District. In particular, by virtue of the transfer agreement, the customers of District will realize the following benefits:

a. District's customers are currently charged twenty percent (20%) less than PWW's rate to its City of Paducah customers. This twenty percent (20%) rate differential shall be maintained for a period of ten (10) years.

b. The transfer agreement provides for the continued employment of all of District's non-management employees. Additionally, the transfer agreement provides that PWW will assume full responsibility of operating and maintaining District's water distribution system. Therefore, the customers of District will not only realize a greater revenue base, but also will be

W. DAVID DENTON
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**DENTON
&
KEULER**
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e-mail: dk@dklaw.com

RECEIVED

AUG 23 1999

STREET ADDRESS:

PUBLIC SERVICE
COMMISSION
PADUCAH BANK BUILDING
555 JEFFERSON STREET
PADUCAH, KENTUCKY 42001

August 20, 1999

MS HELEN HELTON
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
FRANKFORT KY 40602

**Re: Joint Petition: Paducah Water Works and Reidland Water District
Case No. 99-348**

Dear Ms. Helton:

Please file the enclosed Entry of Appearance in the above-captioned case.

Would you add my name to the mailing list.

Sincerely yours,



W. David Denton

Enclosure

dm:4465

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 23 1999

PUBLIC SERVICE
COMMISSION

In the Matter of:

Joint Petition of the Paducah Water Works
And the Reidland Water District to Approve the
Transfer of Ownership and Control of The Reidland
Water District to the Paducah Water Works.

Case No. 99-348

ENTRY OF APPEARANCE

Comes now W. David Denton, of the law firm of Denton & Keuler, and hereby enters his appearance as counsel for and on behalf of the joint petitioners, on all matters in issue and hereby requests that copies of all notices and correspondence relating to this petition be forwarded to him at Denton & Keuler, P. O. Box 929, Paducah, Kentucky 42002-0929.

Respectfully submitted this 20th day of August, 1999.

DENTON & KEULER
P.O. Box 929
Paducah, KY 42002-0929
502-443-8253

By: 
W. David Denton



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 23, 1999

Frank Overbey
General Manager
Reidland Water & Sewer District
5514 Reidland Road
Paducah, KY. 42003

Glen Anderson
General Manager
Paducah Water Works
P. O. Box 2377
Paducah, KY. 42002 2377

Honorable W. David Denton
Attorney at Law
Denton & Keuler
P. O. Box 929
Paducah, KY. 42002 0929

RE: Case No. 99-348
REIDLAND WATER & SEWER DISTRICT
(Transfer/Sale/Purchase/Merger) TO PADUCAH WATER WORKS

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received August 16, 1999 and has been assigned Case No. 99-348. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/jc

**DENTON
& KEULER**
ATTORNEYS AT LAW

W. DAVID DENTON
THOMAS J. KEULER
WILLIAM E. PINKSTON
LISA H. EMMONS
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STREET ADDRESS:

PADUCAH BANK BUILDING SUITE 301
555 JEFFERSON STREET
PADUCAH, KENTUCKY 42001

August 16, 1999

MS HELEN HELTON
EXECUTIVE DIRECTOR
PUBLIC SERVICE COMMISSION
730 SCHENKEL LANE
FRANKFORT KY 40602

RECEIVED

AUG 16 1999

PUBLIC SERVICE
COMMISSION

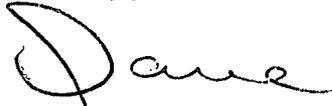
Re: *Joint Petition: Paducah Water Works and
Reidland Water District* **CASE 99-348**

Dear Ms. Helton:

Enclosed please find eleven copies of a Joint Petition to approve the transfer of ownership and control of the water distribution system of Reidland Water District to the Paducah Water Works.

If you have any questions or need any additional information, please do not hesitate to call.

Sincerely yours,



W. David Denton

Enclosures

cc: Mayor Albert Jones (w/out enclosures)
Judge Danny Orazine (w/out enclosures)
James Brockenborough
Glen Anderson
William Sims
Joanne Talbott Edwards via e-mail

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

AUG 16 1999

In the Matter of:

PUBLIC SERVICE
COMMISSION

Joint Petition of the Paducah Water Works
And the Reidland Water District to Approve the
Transfer of Ownership and Control of The Reidland
Water District to the Paducah Water Works. **FILED** Case No. 99-348
AUG 16 1999

1. JURISDICTIONPUBLIC SERVICE
COMMISSION

The Kentucky Public Service Commission (PSC) has jurisdiction over this matter pursuant to KRS 278.015 and KRS 278.020(4).

2. PETITIONERS.

a. The Paducah Water Works (PWW) was formed in the 1930's and acts pursuant to KRS Chapter 96. A copy of PWW's 1998 Financial Statement is attached hereto, and by reference made a part hereof, and marked as Exhibit A.

b. The Reidland Water District ("District") is a Kentucky water district established in 1954 pursuant to KRS Chapter 74. A copy of the original ordinance establishing District is attached hereto, and by reference made a part hereof, and marked as Exhibit B. A copy of District's 1998 Annual Report to the PSC is attached hereto, and by reference made a part hereof, and marked as Exhibit C.

3. TRANSFER AGREEMENT

Subject to the approval of the Public Service Commission, the Kentucky Division of Water and applicable lending agencies, PWW entered into a transfer agreement with District, dated June 30, 1999, wherein District assigned and transferred to PWW its entire water distribution system consisting of all assets, rights, privileges, debts and liabilities of every nature and wheresoever situated. A true and exact copy of said agreement is attached as Exhibit D.

The terms and provisions of the transfer agreement are most beneficial to the customers of District. In particular, by virtue of the transfer agreement, the customers of District will realize the following benefits:

a. District's customers are currently charged twenty percent (20%) less than PWW's rate to its City of Paducah customers. This twenty percent (20%) rate differential shall be maintained for a period of ten (10) years.

b. The transfer agreement provides for the continued employment of all of District's non-management employees. Additionally, the transfer agreement provides that PWW will assume full responsibility of operating and maintaining District's water distribution system. Therefore, the customers of District will not only realize a greater revenue base, but also will be

accorded the additional technical expertise and equipment which can be provided to the customers of District over and above the technical expertise and equipment which District could provide.

4. PLAN OF OPERATIONS

Upon approval by the PSC, the Kentucky Division of Water, and applicable lending agencies, PWW expects to commence operations of District's water distribution system. The following matters shall be completed or substantially completed by the commencement date.

a. Approval by the Paducah-McCracken County Judge/Executive pursuant to the provisions of KRS 74.367.

b. Transfer of all District assets to PWW.

c. All long term debt, current and accrued liabilities of District shall either be assumed, refinanced or paid off by PWW.

d. All non-management employees of District shall be offered employment by PWW, under terms and conditions commensurate with PWW employees in a similar job classification.

5. QUALIFICATIONS TO OPERATE DISTRICT

PWW hereby affirms that it is ready, willing and able to provide water services to the customers of District. PWW states that if this joint petition is favorably considered by this Commission, PWW will continue to employ persons experienced in the operations of water works systems, including any of District's employees who choose to accept employment with PWW, and that the water facilities received from District will be operated properly and in accordance with recognized and established standard and practices. PWW affirmatively states that it has the, "financial, technical, and managerial abilities to provide reasonable service" as required by KRS 278.020(4).

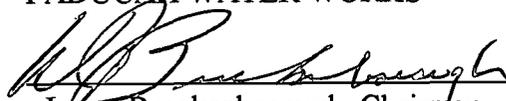
The joint applicants state that the transfer of District's water distribution system to PWW is genuinely in the public interest, is reasonably necessary for the public convenience, necessity, health, comfort and well-being of the customers currently served by District, and that PWW can and will operate said facilities as part of its existing system on a sound financial basis.

WHEREFORE, the Joint Petitioners pray that the PSC:

1. Approve the transfer of the assets of District to PWW in accordance with the terms and conditions set forth herein;
2. Approve the dissolution of District after the transfer to PWW; and
3. Provide to the Joint Petitioners such other relief as they may appear to be entitled.

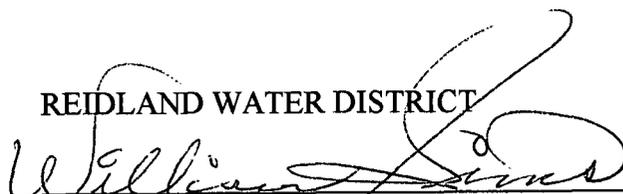
DATED: August 16, 1999

PADUCAH WATER WORKS



James Brockenborough, Chairman

REIDLAND WATER DISTRICT



William Sims, Chairman

PADUCAH WATER WORKS
(Municipally Owned)
FINANCIAL REPORT
JUNE 30, 1998

BOARD OF COMMISSIONERS

	Term Expires
W. J. Brockenborough, Chairman	1/06/99
W. R. Johnston, Vice-Chairman	1/06/01
H. E. Katterjohn, Jr.	1/06/02
Harold Alston, Sr.	1/06/00
Allan Kleet	1/06/99
Garvice Douglas	1/06/02
P.J. Grumley, Ex Officio	During his term of office as City Commissioner

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Paducah Water Works
Paducah, Kentucky

We have audited the accompanying balance sheets of Paducah Water Works (municipally owned) as of June 30, 1998 and 1997, and the related statements of income, equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Paducah Water Works as of June 30, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Davis & Howard

September 24, 1998
Paducah, Kentucky

PADUCAH WATER WORKS
BALANCE SHEETS
June 30, 1998 and 1997

ASSETS	1998	1997
UTILITY PLANT, at cost		
Utility plant in service	\$40,247,587	\$39,062,312
Construction in progress	<u>266,501</u>	<u>420,285</u>
	\$40,514,088	\$39,482,597
Less accumulated depreciation	<u>13,023,756</u>	<u>12,356,615</u>
	<u>\$27,490,332</u>	<u>\$27,125,982</u>
CURRENT ASSETS		
Cash and cash equivalents (Note 2)	\$ 458,321	\$ 491,501
Short-term investments (Note 2)	544,649	733,724
Accounts receivable	292,776	290,680
Materials and supplies inventory at lower of cost (average) or market	414,274	421,955
Other current assets	<u>447,339</u>	<u>465,602</u>
	<u>\$ 2,157,359</u>	<u>\$ 2,403,462</u>
INVESTMENTS AND OTHER ASSETS		
Unamortized bond discount and debt expense	\$ 252,535	\$ 258,465
Investments, restricted for plant expansion (Note 3)	3,045,704	2,850,295
1985 Escrow Account	<u>56,702</u>	<u>56,702</u>
	<u>\$ 3,354,941</u>	<u>\$ 3,165,462</u>
	<u>\$33,002,632</u>	<u>\$32,694,906</u>
LIABILITIES, RESERVES AND EQUITY		
LONG-TERM DEBT, less current maturities		
Revenue Refunding Bonds (Note 4)	<u>\$ 8,068,683</u>	<u>\$ 8,720,000</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 650,000	\$ 540,000
Accounts payable, trade	249,581	247,090
Other accrued expenses and current liabilities	<u>690,355</u>	<u>655,861</u>
	<u>\$ 1,589,936</u>	<u>\$ 1,442,951</u>
RESERVES, tapping fees, amortization, and other	<u>\$ 4,495,347</u>	<u>\$ 4,313,443</u>
EQUITY		
Contributions in aid of construction	\$ 3,239,894	\$ 3,034,394
Accumulated earnings	<u>15,608,772</u>	<u>15,184,118</u>
	<u>\$18,848,666</u>	<u>\$18,218,512</u>
	<u>\$33,002,632</u>	<u>\$32,694,906</u>

PADUCAH WATER WORKS

STATEMENTS OF INCOME
Years Ended June 30, 1998 and 1997

	1998	1997
OPERATING INCOME		
Metered water sales	\$ 4,518,279	\$ 4,394,231
Fire hydrant maintenance fees	72,618	70,617
Municipal water sales	37,853	40,651
Collection fees and late payment charges	177,219	175,386
Miscellaneous	119,629	102,171
	<u>\$ 4,925,598</u>	<u>\$ 4,783,056</u>
OPERATING EXPENSES		
Pumping and purification	\$ 1,449,116	\$ 1,377,624
Transmission and distribution	919,708	902,419
Office and administrative	732,071	704,086
Other	178,603	208,996
	<u>\$ 3,279,498</u>	<u>\$ 3,193,125</u>
Net operating income	<u>\$ 1,646,100</u>	<u>\$ 1,589,931</u>
OTHER INCOME (EXPENSES)		
Interest income	\$ 244,471	\$ 271,040
Bond interest	(575,691)	(627,545)
Amortization	(29,948)	(21,842)
Other interest	(-0-)	(168)
Depreciation	(860,278)	(814,956)
	<u>\$ (1,221,446)</u>	<u>\$ (1,193,471)</u>
	\$ 424,654	\$ 396,460
Demolition expense (Note 6)	<u>-0-</u>	<u>335,153</u>
Net income	<u>\$ 424,654</u>	<u>\$ 61,307</u>

PADUCAH WATER WORKS

STATEMENTS OF EQUITY
 Years Ended June 30, 1998 and 1997

	1998	1997
CONTRIBUTIONS IN AID OF CONSTRUCTION		
Balance, beginning	\$ 3,034,394	\$ 3,034,394
Additions:		
Private developments	<u>205,500</u>	<u>-0-</u>
Balance, ending	<u>\$ 3,239,894</u>	<u>\$ 3,034,394</u>
ACCUMULATED EARNINGS		
Balance, beginning	\$15,184,118	\$15,122,811
Net income	<u>424,654</u>	<u>61,307</u>
Balance, ending	<u>\$15,608,772</u>	<u>\$15,184,118</u>

See Notes to Financial Statements.

PADUCAH WATER WORKS
 STATEMENTS OF CASH FLOWS
 Years Ended June 30, 1998 and 1997

	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 424,654	\$ 61,307
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	860,278	814,956
Amortization	59,613	21,842
Change in assets and liabilities:		
(Increase) decrease in trade receivables	(2,096)	38,650
(Increase) decrease in inventories	7,681	144,874
Increase (decrease) in accounts payable and accrued expenses	36,985	125,320
Other current assets	<u>18,263</u>	<u>13,741</u>
Net cash provided by operating activities	<u>\$ 1,405,378</u>	<u>\$ 1,220,690</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investment securities	\$ 2,950,885	\$ 5,384,866
Expansion of utility plant	(1,019,128)	(1,352,625)
Purchase of investment securities	(2,933,219)	(4,869,038)
Restriction of cash for future expansion	<u>(24,000)</u>	<u>(24,000)</u>
Net cash (used in) investing activities	<u>\$(1,025,462)</u>	<u>\$(860,797)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Connection and tapping fee reserve additions	\$ 181,904	\$ 158,554
Payment on long-term financing	<u>(595,000)</u>	<u>(510,000)</u>
Net cash (used in) financing activities	<u>\$(413,096)</u>	<u>\$(351,446)</u>
Net increase (decrease) in cash and cash equivalents	\$(33,180)	\$ 8,447
Cash and cash equivalents:		
Beginning	<u>491,501</u>	<u>483,054</u>
Ending	<u>\$ 458,321</u>	<u>\$ 491,501</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 546,086	\$ 627,713

See Notes to Financial Statements.

PADUCAH WATER WORKS
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies relative to carrying value of utility plant and inventories are indicated in the captions on the balance sheet.

Recognition of revenues:

Water revenues are recognized when the customers are billed.

Valuation reserves:

Tapping fees and monies received for the amortization of county mains are classified as valuation reserves for utility plant.

Depreciation:

Depreciation is computed on the straight-line basis over the estimated useful lives of various classes of assets. It is the Company's policy to include amortization expense on assets acquired under capital leases with depreciation expense on owned assets.

Classification	Estimated Useful Life	
Distribution mains, service lines, standpipes and tanks	60	years
Booster station, raw water intake, and treatment plant equipment	40	years
Meters	25	years
Hydrants	40	years
Buildings	40 - 60	years
Other equipment	5 - 15	years

Cash and cash equivalents:

For purposes of reporting cash flows, the Company considers all certificates of deposit, regardless of maturity, as short-term investments.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2. DEPRECIATION FUND

At June 30, 1998, cash and short-term investments includes \$104,713 and \$544,649 respectively, in the Depreciation Fund, which is restricted. As required by the Bond Ordinance, Paducah Water Works transfers to the Depreciation Fund amounts from its General Fund to maintain a minimum balance of \$500,000 in the Depreciation Fund. During the year ended June 30, 1998 these transfers to the Depreciation Fund totalled \$347,480 (\$333,088 for 1997). The Depreciation Fund is used for unusual repairs or replacements to keep the system in good operating condition or for constructing additions and/or improvements to the System. A total of \$744,000 (\$1,073,995 in 1997) was withdrawn from the Depreciation Fund for additions and/or improvements during the year ended June 30, 1998. Amounts from the Depreciation Fund can also be transferred to the Current Sinking Fund, if needed, to make an interest and/or bond payment. Receipts of connection fees charged are also deposited to the Depreciation Fund.

NOTE 3. RESTRICTED INVESTMENTS

At June 30, 1998, restricted investments consisted of \$3,045,704 in certificates of deposit and cash restricted by a Commissioners' resolution for future expansion of facilities.

NOTE 4. BONDS PAYABLE

At June 30, 1998, bonds payable consisted of the following:

Revenue Refunding Bonds, Series of 1991, maturing through 07/1/09, bearing interest rates of 6.0% to 6.7%.	\$ 2,645,000
Revenue Refunding Bonds, Series of 1997, maturing through 07/01/09 bearing interest rates of 4.375% to 4.45%.	6,725,000
Less: deferred debit arising from advance refunding	<u>(651,317)</u>
	\$ 8,718,683
Less current maturities	<u>650,000</u>
Long-term portion	<u>\$ 8,068,683</u>

The bonds are secured by a pledge of the gross revenues of Paducah Water Works. City bond ordinances require that net revenues, as defined in the ordinances, equal or exceed 130% of the maximum annual debt service. Payment of bonds and related interest is fully guaranteed by the Municipal Bond Investors Assurance Corporation.

The annual requirements to amortize bonds outstanding as of June 30, 1998 are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service
1999	650,000	459,940	1,109,940
2000	690,000	422,240	1,112,240
2001	735,000	381,616	1,116,616
2002	775,000	337,689	1,112,689
2003	815,000	290,596	1,105,596
Later years	<u>5,705,000</u>	<u>925,106</u>	<u>6,630,106</u>
	<u>\$ 9,370,000</u>	<u>\$ 2,817,187</u>	<u>\$ 12,187,187</u>

During the year ended June 30, 1998, Paducah Water Works refunded a portion (\$6,075,000) of the 1991 Bond Issue by issuing \$6,780,000 of 1997 Revenue Refunding Bonds, Series 1997. The proceeds of the 1997 Bonds were deposited with a trustee to pay the refunded 1991 Bonds and interest as required.

The difference between the bonds to be retired by the trustee and the funds deposited with the trustee is carried as a deferred debit and is being amortized over the remaining life of the 1991 bond issue as an adjustment of interest expense.

At June 30, 1998, the total bonds that are considered extinguished under an in-substance defeasance (refund) is \$15,700,000.

NOTE 5. PENSION PLAN

Paducah Water Works contributes to the County Employees Retirement System, a defined benefit plan which covers substantially all regular full-time employees of each county and school board, and any additional local agencies electing to participate in the System. The payroll for Paducah Water Works employees covered by the System for the year ended June 30, 1998 was \$1,530,025 (\$1,508,440 for 1997).

The Plan provides for retirement, disability and death benefits. Vesting begins immediately upon entry into the System. Employees have a fully vested interest after five years of current service. To receive full retirement benefits, an employee must be fully vested and qualified for retirement.

During the year ended June 30, 1998, participating employees contributed 5.00% of covered compensation and the employer contributed 8.65% (8.65% in 1997). The System's funding policy provides for periodic employer contributions at actuarially determined rates in order to accumulate sufficient assets to pay benefits when due. Contribution rates are determined by the Board of Trustees of Kentucky Retirement Systems annually. Paducah Water Works' contribution to the System for June 30, 1998 was \$206,913 (\$130,422 employer and \$76,491 employee). The contribution for 1997 was \$206,223 (\$130,812 employer and \$75,411 employee).

NOTE 6. DEMOLITION EXPENSE

During the year ended June 30, 1997, Paducah Water Works incurred an expense of \$335,153 in connection with the demolition of its old water treatment plant. Since the plant was fully depreciated, the utility plant (cost) and accumulated depreciation were adjusted by an equal amount (\$1,225,000).

McCRACKEN COUNTY COURT

RE: A. L. COSBY, ET AL, PETITIONERS EX PARTE SEEKING THE
ESTABLISHMENT OF THE REIDLAND WATER DISTRICT.

ORDER

The above styled petition coming on for hearing herein and it appearing to the court that notice of the filing of said petition in the form directed by this court was made in the Sun-Democrat, a newspaper of general circulation in McCracken County, Kentucky, for three successive legal days, and that more than thirty days have elapsed after the publication of said notice, and no objections having been filed to the establishment of said district, and the case having been set for further hearing and being submitted to the court upon the pleadings and exhibits filed herein, and the court being sufficiently advised and it appearing to the court that the establishment of said district is reasonably necessary for the public health, for the protection and comfort of the residents of the area described in the petition and hereinafter set out, it is ordered and adjudged as follows, to-wit:

1. That there is hereby established within the territory described as follows, to-wit:

Beginning at a point on the center line of Said Road 310 feet southwesterly from the intersection with the center line of U. S. Highway No. 68; thence N. 76 degrees 30' west a distance of 4620 feet to a point; thence N. 15 degrees 30' W. a distance of 5625 feet to a point 500 feet westerly from the intersection of that center line of Calvert City Road with the center line of U. S. Highway 68; thence N. 9 degrees 00' W., a distance of 2320 feet, more or less, to a point near the Reidland High School, said point being 400 feet southerly from, measured at right angles to the center line of Kentucky Highway No. 284; thence northwesterly 400 feet from, measured at right angles to and parallel with the center line of Kentucky Highway 284, a distance of 5940 feet; thence N. 60 degrees 00' E. across Kentucky Highway 284, a distance of 1350 feet; thence S. 40 degrees 00' E. a distance of 3240 feet, more or less, to a point 600 feet westerly from, measured at right angles to the center line of a road leading north out of Reidland and intersecting Kentucky Highway No. 284 near Coy's store; thence northerly 600 feet distant from, measured at right angles to and parallel with the center line of said road, a distance of 2190 feet; thence due east a distance of 1250 feet, more or less, to a point 400 feet easterly from, and measured at right angles to the center line of U. S. Highway No. 68; thence southerly 400 feet distant from, measured at right angles to and parallel with the center line of U. S. Highway No. 68, a distance of 3250 feet, more or less, to an intersection with the center line of Kenmar Road; thence S. 8 degrees 00' E., a distance of 4050 feet, more or less, to an intersection with the center line of Calvert City Road, said point of intersection being approximately 1470 feet easterly from the intersection of the center line of Calvert City Road with U. S. Highway No. 68; thence due south, a distance of 2670 feet; thence S. 85 degrees 30' E., a distance of 3370 feet; thence S. 17 degrees 30' E., a distance of 3330 feet, more or less, to the intersection of the center lines of Said Road and U. S. Highway No. 68; thence southwesterly along the center line of Said Road, 310 feet to the point of beginning,

a water district pursuant to Chapter 74 of the Kentucky Revised Statutes, and said district is hereby designated as the Reidland Water District.

Ray S. Garrison

Judge, Pickens County Court.

Do Cairn Culm Bh
21-page 325

Field 6-27-57
Rudby Cairn Bh
A 1/18 R. M. M. M.

CLASS "A & B"
WATER DISTRICTS & ASSOCIATIONS
ANNUAL REPORT
OF

REIDLAND WATER-SEWER DISTRICT
Exact Legal Name of Respondent

For the
YEAR ENDED DECEMBER 31, 19 98



**CHECKLIST FOR THE ANNUAL REPORT
FOR A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT**

Page No.	Account No.	Page No.	Yes	NO	If NO, Explain Why
4-6	The identification pages have been completed.		✓		
7	101-106 agrees with	13 Total 101-106	✓		
7	108-110 agrees with	14 Total 301-348 Cols c & h	✓		
7	114-115 agrees with	15 Net Balance 114-115	✓		
7	123 agrees with	16 Total 123	✓		
7	124 agrees with	16 Total 124	✓		
7	125 agrees with	16 Total 125	✓		
7	126-127 agrees with	16 Total 126-127	✓		
7	141-144 agrees with	17 Net Balance 141-144	✓		
7	151-153 agrees with	18 Total 151-153	✓		
7	162 agrees with	18 Total 162	✓		
8	181 agrees with	19 Total 181	✓		
8	182 agrees with	20 Total 182	✓		
8	186 agrees with	19 Total 186	✓		
9	214-215 agrees with	23 Total 214-215	✓		
9	221 agrees with	22 Total Line 10 Col 4	✓		
9	221 agrees with	22 Total Col 12	✓		
9	224 agrees with	21 Total Col d	✓		
9	232 agrees with	24 Total 232	✓		

**CHECKLIST FOR THE ANNUAL REPORT
FOR A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT**

Page No.	Account No.	Page No.	If No, Explain Why
9	234 agrees with 24 Total 234	✓	
9	236 agrees with 25 Beginning & Ending Balance 236	✓	
9	237 agrees with 25 Total 237 Cole b & e	✓	
9	242 agrees with 26 Total 242	✓	
9	251 agrees with 19 Total 251	✓	
9	252 agrees with 20 Total 252	✓	
10	271 agrees with 27 Beginning & Ending Balance 271	✓	
11	400 agrees with 29 Total Water Operating Rev Col e	✓	
11	401 agrees with 30 Total 601-675 Col c	✓	
11	406 agrees with 15 Total Accumulated Amortization 115	✓	
11	408.1 agrees with 25 Total Taxes Accrued 408.10-408.20	✓	
12	427 agrees with 25 Total Col c	✓	
12	Net Income agrees with 23 Balance Trans. From Inc Col c	✓	
13	101 agrees with 28 Total Water Plant Col f	✓	
14	The analysis of accumulated depreciation and amortization by primary account has been completed.	✓	
19	186.1 agrees with 27 Total 186.1 Col c	✓	
21	Schedule of Long-Term Debt has been completed.	✓	
22	Schedule of Bond Maturities has been completed.	✓	

**CHECKLIST FOR THE ANNUAL REPORT
FOR A AND B WATER DISTRICTS AND WATER ASSOCIATIONS
TO BE COMPLETED AND RETURNED WITH THE ANNUAL REPORT**

<u>Page No.</u>	<u>Account No.</u>	<u>Page No.</u>	Yes	No	<u>If No, Explain Why</u>
28	The analysis of water utility plant accounts Cols c through k has been completed.		✓		
29	Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue.		✓		
29	The analysis of water operating revenue Cols c, d, and e has been completed.				
30	The analysis of water utility expense accounts Cols c through k has been completed.		✓		
31	Schedule of Pumping and Purchased Water Statistics has been completed.				
32	466 Total Gal agrees with 33 Sales for Resale (466)				
32	Line 13 agrees with 32 Line 4 Total Produced and Purchased				
	Oath page has been completed.				

PUBLIC SERVICE COMMISSION OF KENTUCKY
PRINCIPAL PAYMENT AND INTEREST INFORMATION
FOR THE YEAR ENDING DECEMBER 31, 19 98

1. Amount of Principal Payment during calendar year \$ 18,297
2. Is Principal current? (Yes) ✓ (No) _____
3. Is Interest current? (Yes) ✓ (No) _____
4. Has all long-term debt been approved by the Public Service Commission?
(Yes) ✓ (No) _____ PSC Case No. _____

SERVICES PERFORMED BY
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Are the financial statements examined by a Certified Public Accountant? (Yes) ✓ (No) _____

If yes, which service is performed?

Audit ✓ _____

Compilation _____

Review _____

Please enclose a copy of the accountant's report with annual report.

Additional Information Required by Commission Orders

Provide any special information required by prior Commission orders, as well as any narrative explanations necessary to fully explain the data. Examples of the types of special information that may be required by Commission orders include surcharge amounts collected, refunds issued, and unusual debt repayments.

Case #	Date of Order	Item/Explanation

Attach additional sheets if more room is needed

MAJOR WATER PROJECTS

Instructions: Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service Commission. For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and which will increase your current utility plant by at least 20%.

Brief Project Description (improvement, replacement, building construction, expansion. If expansion, provide the estimated number of new customers):

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

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Accumulated Amortization	15		
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Investments and Special Funds	16		
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HISTORY

1. Exact name of utility making this report. (Use the words "The", "Company" or "Incorporated" only when a part of the corporate name.)

REIDLAND WATER-SEWER DISTRICT

2. Give the location including city, street and number, of the executive office.

5514 REIDLAND RD.

PADUCAH KY 42003

3. Give the location, including street and number, and TELEPHONE NUMBER of the principal office in Kentucky.

5514 REIDLAND RD.

PADUCAH KY 42003 (502) 898-2443

4. Name and address of principal officer within Kentucky.

FRANK OVERBY, GENERAL MANAGER

5514 REIDLAND RD.

PADUCAH KY 42003

5. Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed.

FRANK OVERBY

5514 REIDLAND RD

PADUCAH KY 42003

(502) 898-2443

6. Date of organization.

7. Under the laws of what Government, State or Territory organized? (If more than one, name all. Give reference to each statute and amendments thereof.)

KY

8. If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same. N/A

9. Date and authority for each consolidation and each merger. N/A

10. State whether respondent is a corporation, a joint stock association, a firm or partnership, or an individual. PUBLIC UTILITY

11. If a reorganized company, give name of original corporation, refer to laws under which it was organized and the occasion for the reorganization. NA

12. Name all other operating departments. N/A

13. Name of counties in which you furnish water service. MCCracken AND MARSHALL

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
UTILITY PLANT				
101-106	Utility Plant.....	13	\$ 3,262,469	\$ 3,339,511
108-110	Less: Accumulated Depreciation and Amortization.....	13-15	1,586,492	1,697,775
	Net Plant.....		\$ 1,675,977	\$ 1,641,736
114-115	Utility Plant Acquisition Adjustments (Net).....	15		
116	Other Utility Plant Adjustments.....			
	Total Net Utility Plant.....		\$ 1,675,977	\$ 1,641,736
OTHER PROPERTY AND INVESTMENTS				
121	Nonutility Property.....		\$	\$
122	Less: Accumulated Depreciation and Amortization.....			
	Net Nonutility Property.....		\$	\$
123	Investment in Associated Companies..	16		
124	Utility Investments.....	16		
125	Other Investments.....	16	75,189	72,710
126-127	Special Funds.....	16	180,286	166,066
	Total Other Property & Investments..		\$ 255,475	\$ 238,776
CURRENT AND ACCRUED ASSETS				
131	Cash.....		\$ 228,178	\$ 269,936
132	Special Deposits.....			
133	Other Special Deposits.....			
134	Working Funds.....			
135	Temporary Cash Investments.....			
141-144	Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts.....	17	33,853	46,221
145	Accounts Receivable from Associated Companies.....		280,539	236,774
146	Notes Receivable from Associated Companies.....			
151-153	Materials and Supplies.....	18	40,869	40,535
161	Stores Expense.....			
162	Prepayments.....	18	4,584	5,314
171	Accrued Interest and Dividends Receivable.....			
172	Rents Receivable.....			
173	Accrued Utility Revenues.....			
174	Misc. Current and Accrued Assets....			
	Total Current and Accrued Assets....		\$ 588,023	\$ 598,780

COMPARATIVE BALANCE SHEET - ASSETS AND OTHER DEBITS (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	DEFERRED DEBITS			
181	Unamortized Debt Discount & Expense.	19	\$ 8,893	\$ 7,845
182	Extraordinary Property Losses.....	19		
183	Preliminary Survey & Investigation Charges.....			
184	Clearing Accounts.....			
185	Temporary Facilities.....			
186	Misc. Deferred Debits.....	18		
187	Research & Development Expenditures.			
	Total Deferred Debits.....		\$ 8,893	\$ 7,845
	TOTAL ASSETS AND OTHER DEBITS.....		\$ 2,528,368	\$ 2,487,137

NOTES TO THE BALANCE SHEET

The space below is provided for important notes regarding the balance sheet

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
EQUITY CAPITAL				
214-215	Retained Earnings.....	23	\$ 917,498	\$ 554,381
	Total Equity Capital.....		\$ 917,498	\$ 554,381
LONG-TERM DEBT				
221	Bonds.....	22	\$ 50,000	\$
222	Reacquired Bonds.....			
223	Advances from Associated Companies..			
224	Other Long-Term Debt.....	21	417,643	398,911
	Total Long-Term Debt.....		\$ 467,643	\$ 398,911
CURRENT AND ACCRUED LIABILITIES				
231	Accounts Payable.....		\$ 34,021	\$ 12,368
232	Notes Payable.....	24	18,297	18,732
233	Accounts Payable to Associated Co...	24	1,183	1,206
234	Notes Payable to Associated Co.....	24		
235	Customer Deposits.....		5,497	5,444
236	Accrued Taxes.....	25	8,446	9,968
237	Accrued Interest.....	25	2,105	1,864
239	Matured Long-Term Debt.....			
240	Matured Interest.....			
241	Tax Collections Payable.....			
242	Misc. Current & Accrued Liabilities.	26		
	Total Current and Accrued Liabilities.....		\$ 69,549	\$ 49,582
DEFERRED CREDITS				
251	Unamortized Premium on Debt.....	19	\$	\$
252	Advances for Construction.....	20	25,389	25,870
253	Other Deferred Credits.....			
	Total Deferred Credits.....		\$ 25,389	\$ 25,870
OTHER NON-CURRENT LIABILITIES				
Accumulated Provision For:				
261	Property Insurance		\$	\$
262	Injuries and Damages			
263	Pensions and Benefits			
265	Miscellaneous Operating Reserves ...			
266	Rate Refunds			
	Total Other Non-Current Liabilities.		\$	\$

COMPARATIVE BALANCE SHEET - EQUITY CAPITAL AND LIABILITIES (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	CONTRIBUTIONS IN AID OF CONSTRUCTION			
271	Contributions In Aid of Construction	27-28	\$ 1,048,289	\$ 1,458,393
	Tap-on Fees - Customers			
	Federal Grants in Aid of Const. ...			
	Other			
	Total C.I.A.C		\$ 1,048,289	\$ 1,458,393
	TOTAL EQUITY CAPITAL AND LIABILITIES		\$ 2,528,368	\$ 2,487,137

COMPARATIVE OPERATING STATEMENT

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	UTILITY OPERATING INCOME			
400	Operating Revenues.....	30	\$ 464,229	\$ 445,596
401	Operating Expenses.....	31	\$ 254,443	\$ 295,182
403	Depreciation Expenses.....		109,584	115,390
406	Amortization of Utility Plant Acquisition Adjustment.....			
407	Amortization Expense.....			
408.1	Taxes Other Than Income.....		14,865	9,875
	Utility Operating Expenses.....		\$ 378,892	\$ 420,447
	Utility Operating Income.....		\$ 85,337	\$ 25,149
413	Income From Utility Plant Leased to Others.....			
414	Gains (Losses) From Disposition of Utility Property.....			(655)
	Total Utility Operating Income.....		\$ 85,337	\$ 24,494
	OTHER INCOME AND DEDUCTIONS			
415	Revenues From Merchandising, Jobbing and Contract Deductions.....		\$	\$
416	Costs and Expenses of Merchandising, Jobbing and Contract Work.....			
419	Interest & Dividend Income.....		20,134	27,334
420	Allowance for Funds Used During Construction.....			
421	Nonutility Income.....			
426	Miscellaneous Nonutility Expenses...			
	Total Other Income and Deductions...		\$ 20,134	\$ 27,334
	TAXES APPLICABLE TO OTHER INCOME			
408.20	Taxes Other Than Income.....		\$	\$
	Total Taxes Applic. to Other Income.		\$	\$

COMPARATIVE OPERATING STATEMENT (CONT'D)

ACCT. NO. (a)	ACCOUNT NAME (b)	REF. PAGE (c)	PREVIOUS YEAR (d)	CURRENT YEAR (e)
	INTEREST EXPENSE			
427	Interest Expense.....		\$ 26,487	\$ 25,070
428	Amortization of Debt Discount & Exp.		<u>1,049</u>	<u>1,049</u>
429	Amortization of Premium on Debt.....			
	Total Interest Expense.....		\$ 27,536	\$ 26,119
	EXTRAORDINARY ITEMS			
433	Extraordinary Income.....		\$	\$
434	Extraordinary Deductions.....			
	Total Extraordinary Items.....		\$	\$
	NET INCOME.....		\$ 77,935	\$ 25,709

NET UTILITY PLANT (ACCTS. 101 - 106)

ACCT. NO.	PLANT ACCOUNTS	TOTAL
101	Utility Plant in Service	\$ 3,339,511
102	Utility Plant Leased to Others.....	
103	Property Held for Future Use.....	
104	Utility Plant Purchased of Sold.....	
105	Construction Work in Progress.....	
106	Completed Construction Not Classified.....	
	Total Utility Plant.....	\$ 3,339,511

ACCUMULATED DEPRECIATION (ACCT. 108)

DESCRIPTION	TOTAL
Balance first of year.....	\$ 1,586,492
Credit during year:	
Accruals Charged to Account 108.1.....	115,390
Accruals Charged to Account 108.2.....	
Accruals Charged to Account 108.3.....	
Accruals Charged to Other Accounts (specify)	

Salvage.....	
Other Credits (specify)	

Total Credits.....	\$ 115,390
Debits during year:	
Book Cost of Plant Retired.....	\$ 4,107
Cost of Removal.....	
Other Debits (specify)	

Total Debits.....	\$ 4,107
Balance end of year.....	\$ 1,697,775

ANALYSIS OF ACCUMULATED DEPRECIATION AND AMORTIZATION BY PRIMARY ACCOUNT

ACCT. NO. (a)	ACCOUNT (b)	BALANCE BEGINNING OF YEAR (c)	CREDITS DURING THE YEAR CHARGES TO DEP. EXP. (d)	OTHER CREDITS (e)	CHARGES DURING THE YEAR PLANT RETIREMENTS (f)	OTHER CHARGES (g)	BALANCE END OF YEAR (h)
301	Organization.....	\$	\$	\$	\$	\$	\$
302	Franchises.....						
303	Limited Term Interest in Land and Land Rights.....	31,065	3,584				34,649
304	Structures & Improvements..						
305	Collecting and Impounding Reservoirs.....	187,144	15,790				202,934
306	Lake River & Other Intakes.	95,023	748				95,771
307	Wells and Springs.....						
309	Supply Mains.....						
310	Power Generating Equipment..	177,903	11,426				189,329
311	Pumping Equipment.....	172,240	13,783				186,023
320	Water Treatment Equipment..						
330	Distribution Reservoirs and Standpipes.....	83,207	3,417				86,624
331	Transmission & Distribution Mains.....	673,596	30,934				704,530
333	Services.....	6,260	474				6,734
334	Meters and Meter Installations.....	27,425	4,224				31,649
335	Hydrants.....	3,370	395				3,765
339	Other Plant & Miscellaneous Equipment.....	1,330	1,865				3,195
340	Office Furniture and Equip.	7,476	1,925		2,781		6,620
341	Transportation Equipment....	24,216	5,979		1,326		28,869
343	Tools, Shop & Garage Equip.	35,662	584				36,246
345	Power Operated Equipment....	110,555	20,262				130,817
348	Other Tangible Plant.....						
	TOTALS	\$ 1,586,492	\$ 115,390	\$	\$ 4,107	\$	\$ 1,697,775

ACCUMULATED AMORTIZATION (ACCT. 110)

DESCRIPTION	TOTAL
Balance first of year.....	\$
Credit during year:	
Accruals Charged to Account 110.1.....	
Accruals Charged to Account 110.2.....	
Other Credits (specify)	
.....	
.....	
Total Credits.....	\$
Debits during year:	
Book Cost of Plant Retired.....	\$
Other Debits (specify)	
.....	
.....	
Total Debits.....	\$
Balance end of year.....	\$

UTILITY PLANT ACQUISITION ADJUSTMENTS (ACCTS. 114 - 115)

Report each acquisition adjustment and related accumulated amortization separately. For any acquisition adjustment approved by the Commission, include the Order Number.

ACCOUNT NAME	TOTAL
Acquisition Adjustments (114)	
.....	\$
.....	
.....	
.....	
Total Plant Acquisition Adjustments.....	\$
Accumulated Amortization (115)	
.....	\$
.....	
.....	
.....	
Total Accumulated Amortization.....	\$
Net Acquisition Adjustments.....	\$

INVESTMENTS AND SPECIAL FUNDS (ACCTS. 123 - 127)

Report hereunder all investments and special funds carried in Accounts 123 thru 127.

DESCRIPTION OF SECURITY OR SPECIAL FUND (a)	FACE OR PAR VALUE (b)	YEAR END BOOK COST (c)
INVESTMENT IN ASSOCIATED COMPANIES (ACCT. 123):		
.....	\$	\$
.....		
.....		
.....		
Total Investment in Associated Companies.....		\$
UTILITY INVESTMENTS (ACCT. 124):		
.....	\$	\$
.....		
.....		
.....		
Total Utility Investments.....		\$
OTHER INVESTMENTS (ACCT. 125):		
<i>Money Market Funds</i>		72,710
.....		
.....		
Total Other Investments.....		\$ 72,710
SPECIAL FUNDS (ACCTS. 126 & 127):		
<i>DEPRECIATION FUND</i>		139,012
<i>DEBT SERVICE FUND, KIA</i>		27,054
.....		
Total Special Funds.....		\$ 166,066

ACCOUNTS AND NOTES RECEIVABLE - NET (ACCOUNTS 141 - 144)

Report hereunder all accounts and notes receivable included in Accounts 141, 142 and 144. Amounts included in Accounts 142 and 144 should be listed individually.

DESCRIPTION	TOTAL
ACCOUNTS & NOTES RECEIVABLE:	
Customer Accounts Receivable (Acct. 141).....	\$ 46,221
Other Accounts Receivable (Acct. 142)	
_____ \$ _____	

Notes Receivable (Acct. 144)	
_____ \$ _____	

Total Accounts and Notes Receivable.....	\$ 46,221
Accumulated Provision for Uncollectible Accounts (Acct. 143):	
Balance first of year.....	\$ _____
Add: Provision for uncollectibles for current year.....	\$ _____
Collections of accounts previously written off.....	_____
Utility accounts.....	_____
Others.....	_____
Total Additions.....	\$ _____
Deduct accounts written off during year:	
Utility Accounts.....	\$ _____
Other.....	_____
Total accounts written off.....	\$ _____
Balance end of year.....	\$ _____
Total Accounts and Notes Receivable - Net.....	\$ 46,221

MATERIALS AND SUPPLIES (151 - 153)

ACCOUNT NAME	TOTAL
Plant Materials and Supplies (Account 151).....	\$ 40,535
Merchandise (Account 152).....	
Other Materials and Supplies (Account 153).....	
Total Materials and Supplies.....	\$ 40,535

PREPAYMENTS (ACCT. 162)

DESCRIPTION	TOTAL
Prepaid Insurance.....	\$ 5,314
Prepaid Rents.....	
Prepaid Interest.....	
Prepaid Taxes.....	
Other Prepayments (Specify)	

Total Prepayments.....	5,314

MISCELLANEOUS DEFERRED DEBITS (ACCT. 186)

DESCRIPTION	TOTAL
Miscellaneous Deferred Debits (Acct. 186):	
Deferred Rate Case Expense (Acct. 186.1).....	\$
Other Deferred Debits (Acct. 186.2).....	
Total Miscellaneous Deferred Debits.....	\$

UNAMORTIZED DEBT DISCOUNT AND EXPENSE AND PREMIUM ON DEBT (ACCTS. 181 & 251)

Report the net discount and expense or premium separately for each security issue.

DESCRIPTION	AMOUNT WRITTEN OFF DURING YEAR	YEAR END BALANCE
Unamortized Debt Discount and Expense (Acct. 181):		
<i>UNAMORTIZED BOND DISCOUNT</i>	\$ 1,049	\$ 7,845
.....		
.....		
.....		
Total Unamortized Debt Discount and Expense.....	\$ 1,049	\$ 7,845
Unamortized Premium on Debt (Acct. 251):		
.....	\$	\$
.....		
.....		
.....		
Total Unamortized Premium on Debt.....	\$	\$

EXTRAORDINARY PROPERTY LOSSES (ACCT. 182)

Report each item separately.

DESCRIPTION	TOTAL
Extraordinary Property Losses (Acct. 182):	
.....	\$
.....	
.....	
.....	
Total Extraordinary Property Losses.....	\$

ADVANCES FOR CONSTRUCTION (ACCT. 252)

DESCRIPTION	TOTAL
Balance first of year.....	25,389
Add credits during year.....	481
Deduct charges during year.....	-
Balance end of year.....	25,870

ACCOUNT 221, BONDS

Line No.	Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Value of Amount Paid by or for Issuance (3)	Actually Outstanding at Close of Year (4)	Interest During Year	
					Accrued (5)	Actually Paid (6)
1	50,000		50,000	- 0 -	- 0 -	2,050
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
TOTAL				- 0 -	- 0 -	2,050

SCHEDULE OF BOND MATURITIES

(The total of column 12 must agree with the total of column 4)

Line No.	Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amount (10)	Amounts Paid (11)	Remaining Bonds Outstanding (12)
1	165-174	12-1-98	4.1%	50,000.	50,000	- 0 -
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
TOTAL				50,000	50,000	- 0 -

STATEMENT OF RETAINED EARNINGS

ACCT. NO. (a)	(b)	AMOUNTS (c)
215	Unappropriated Retained Earnings:	
	Balance beginning of year.....	\$ 917,498
	Changes to account:	
439	Adjustments to Retained Earnings (requires Commission approval prior to use):	
	Credits.....	\$
	Total Credits.....	\$
	Debits <u>CONTRIBUTIONS IN AID TO CONSTRUCTION-</u>	\$
	<u>DEPRECIATION ADJUSTMENT</u>	(388,826)
	Total Debits.....	\$ (388,826)
435	Balance Transferred from Income.....	\$ 25,709
436	Appropriations of Retained Earnings:	
	\$
	Total Appropriations of Retained Earnings.....	\$
	Balance end of year.....	\$ 554,381
214	Appropriated Retained Earnings (state balance and purpose of each appropriated amount at year end):	
	\$
	\$
	Total Appropriated Retained Earnings.....	\$
	Total Retained Earnings.....	\$ 554,381

Notes to Statement of Retained Earnings:

PSC AUDIT REQUESTED A RECLASS OF DEPRECIATION
TAKEN ON CONTRIBUTIONS IN AID TO CONSTRUCTION.

TAXES ACCRUED (ACCOUNT 236)

ACCT. NO. (a)	DESCRIPTION (b)	TOTAL (c)
	Balance first of year.....	\$ 8,446
	Accruals Charged:	
408.10	Utility regulatory assessment fees.....	928
408.11	Property taxes.....	
408.12	Payroll taxes.....	8,947
408.13	Other taxes and licenses.....	
408.20	Taxes other than income, other income and deductions	
	Total taxes accrued.....	\$ 9,875
	Taxes paid during year:	
408.10	Utility regulatory assessment fees.....	928
408.11	Property taxes.....	
408.12	Payroll taxes.....	7,425
408.13	Other taxes and licenses.....	
408.20	Taxes other than income, other income and deductions	
	Total taxes paid.....	\$ 8,353
	Balance end of year.....	\$ 9,968

ACCRUED INTEREST (ACCOUNT 237)

DESCRIPTION OF DEBT (a)	BALANCE BEGINNING OF YEAR (b)	INTEREST ACCRUED DURING YEAR (c)	INTEREST PAID DURING YEAR (d)	BALANCE END OF YEAR (e)
Account No. 237.1 - Accrued Interest on Long-Term Debt:	\$	\$	\$	\$
1965 Revenue Bonds	171	1,879	2,050	- 0 -
NP - K10	1,934	23,191	23,261	1,864
Total Acct. No. 237.1	\$ 2,105	\$ 25,070	\$ 25,311	\$ 1,864
Account No. 237.2 - Accrued Interest on Other Liabilities:	\$	\$	\$	\$
Total Acct. No. 237.2	\$	\$	\$	\$
Total Acct. No. 237	\$	\$	\$	\$

WATER UTILITY PLANT ACCOUNTS

ACCT. NO.	ACCOUNT NAME (b)	PREVIOUS YEAR (c)	ADDITIONS (d)	RETIREMENTS (e)	CURRENT YEAR (f)	INTANGIBLE PLANT (g)	SOURCE OF SUPPLY & PUMPING PLANT (h)	WATER TREATMENT PLANT (i)	TRANS. & DISTRIBUTION PLANT (j)	GENERAL PLANT (k)
(a)		\$	\$	\$	\$					
301	Organization.....						\$XXXXXXX	\$XXXXXXX	\$XXXXXXX	\$XXXXXXX
302	Franchises.....						XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
303	Land and Land Rights.....	19,083			19,083					19,083
304	Structures and Improvements..	91,218			91,218					91,218
305	Collecting and Impounding Reservoirs.....									
306	Lake River and Other Intakes.									
307	Wells and Springs.....	383,740	460		383,740		383,740			
308	Infiltration Galleries and Tunnels.....	51,121			51,121		51,121			
309	Supply Mains.....									
310	Power Generation Equipment...									
311	Pumping Equipment.....	288,395	10,367		298,762		288,762			
320	Water Treatment Equipment....	553,585			553,585		553,585			
330	Distribution Reservoirs and Standpipes.....	698,183			698,183				698,183	
331	Transmission and Distribution Mains.....	911,091	38,727		949,818				949,818	
333	Services.....	7,445			7,445				7,445	
334	Meters & Meter Installations.	132,295	14,202		146,497				146,497	
335	Hydrants.....	5,729	2,467		8,196				8,196	
339	Other Plant and Miscellaneous Equipment.....	4,430	9,791		14,221				14,221	
340	Office Furniture and Equip....	10,974	5,190	3,436	13,328					13,328
341	Transportation Equipment.....	44,870		1,326	43,544					43,544
342	Stores Equipment.....									
343	Tools, Shop and Garage Equip.									
344	Laboratory Equipment.....									
345	Power Operated Equipment.....	37,705			37,705					37,705
346	Communication Equipment.....	6,883			6,883					6,883
347	Miscellaneous Equipment.....	16,182			16,182					16,182
348	Other Tangible Plant.....									
	To* Water Plant.....	\$220,469	\$81,804	\$47,622	\$339,511	\$	\$733,623	\$553,585	\$1824,360	\$227,943

WATER OPERATING REVENUE

ACCT. NO.		BEGINNING YEAR NO. CUSTOMERS	YEAR END NUMBER CUSTOMERS	AMOUNTS
(a)	(b)	(c)	(d)	(e)
	Operating Revenues:			
460	Unmetered Water Revenue.....			\$
461	Metered Water Revenue:			
461.1	Sales to Residential Customers.....			\$
461.2	Sales to Commercial Customers.....			
461.3	Sales to Industrial Customers.....			
461.4	Sales to Public Authorities.....			
461.5	Sales to Multiple Family Dwellings.....			
461.6	Sales through Bulk Loading Stations....			
	Total Metered Sales.....			\$ 434,721
462	Fire Protection Revenue:			
462.1	Public Fire Protection.....			\$
462.2	Private Fire Protection.....			
	Total Fire Protection Revenue.....			\$
464	Other Sales to Public Authorities.....			\$
465	Sales to Irrigation Customers.....			
466	Sales for Resale.....			
467	Interdepartmental Sales.....			
	Total Sales of Water.....			\$
	Other Water Revenues:			
470	Forfeited Discounts.....			\$ 5,231
471	Miscellaneous Service Revenues.....			5,644
472	Rents from Water Property.....			
473	Interdepartmental Rents.....			
474	Other Water Revenues.....			
475	Provision for Rate Refunds.....			
	Total Other Water Revenues.....			\$ 10,875
	Total Water Operating Revenues.....			\$ 445,596

WATER UTILITY EXPENSE ACCOUNTS

ACCT. NO.	ACCOUNT NAME	CURRENT YEAR	WATER EXPENSE ACCOUNT MATRIX								
			.1	.2	.3	.4	.5	.6	.7	.8	
(a)	(b)	(c)	SOURCE OF SUPPLY & EXPENSES-OPERATION (d)	SOURCE OF SUPPLY & EXPENSES-MAINTEN. (e)	WATER TREATMENT EXPENSES-OPERATION (f)	WATER TREATMENT EXPENSES-MAINTEN. (g)	TRANS. & DISTRIBUTION EXPENSES-OPERATION (h)	TRANS. & DISTRIBUTION EXPENSES-MAINTEN. (i)	CUSTOMER ACCOUNTS EXPENSE (j)	ADMINISTRATIVE & GENERAL EXPENSES (k)	
601	Salaries and Wages-Employees.	\$ 1,10,062	\$ 44,991	\$	\$	\$	\$	\$ 22,495	\$	\$ 7,498	\$ 45,078
603	Salaries and Wages-Officers, Directors and Majority Stockholders.....	6,840									6,840
604	Employee Pensions & Benefits.	16,478									16,478
610	Purchased Water.....		XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
615	Purchased Power.....	3,674	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
616	Fuel for Power Production....	38,407	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX	XXXXXXX
618	Chemicals.....	4,926			4,926						4,926
620	Materials and Supplies.....	52,878	45,101					7,777			45,101
631	Contractual Services - Eng....	15,432									15,432
632	Contractual Services - Acct..	5,585									5,585
633	Contractual Services - Legal.										
634	Contractual Services - Management Fees.....										
635	Contractual Services - Other.	2,517									2,517
641	Rental of Bldg./Real Property										
642	Rental of Equipment.....										
650	Transportation Expenses.....	8,398	8,398								8,398
656	Insurance - Vehicle.....	1,826						1,826			1,826
657	Insurance - General Liability	4,649						4,649			4,649
658	Insurance - Worker's Compensation.....	1,220						1,220			1,220
659	Insurance - Other.....	681						681			681
660	Advertising Expense.....										
666	Regulatory Commission Exp....										
667	- Amortization of Rate Case Expense.....										
667	Regulatory Commission Exp....										
670	- Other.....	854									854
670	Bad Debt Expense.....	1,035									1,035
675	Miscellaneous Expenses.....	9,710									9,710
	To Water Utility Expenses.	\$ 295,182	\$ 136,877	\$ 49,226	\$	\$ 38,648	\$	\$ 85,333	\$	\$ 106,178	

PUMPING AND PURCHASED WATER STATISTICS

(a)	WATER PURCHASED FOR RESALE (Omit 000's) (b)	WATER PUMPED FROM WELLS (Omit 000's) (c)	TOTAL WATER PUMPED AND PURCHASED (Omit 000's) (d)	WATER SOLD TO CUSTOMERS (Omit 000's) (e)
January.....		22,310	22,310	17,827
February.....		20,370	20,370	14,036
March.....		21,710	21,710	15,529
April.....		22,480	22,480	16,355
May.....		30,130	30,130	26,762
June.....		24,300	24,300	20,938
July.....		35,860	35,860	32,301
August.....		23,040	23,040	19,711
September.....		26,314	26,314	22,763
October.....		22,566	22,566	17,828
November.....		21,870	21,870	15,042
December.....		20,850	20,850	16,861
Total for year.....		291,800	291,800	235,953

Maximum gallons pumped by all methods in any one day (Omit 000's): 1,380

Date 11 / 10 / 98

Minimum gallons pumped by all methods in any one day (Omit 000's): 170

Date 10 / 26 / 98

If water is purchased for resale, indicate the following:

Vendor N/A

Point of delivery _____

If water is sold to other water utilities for redistribution, list names of such utilities below:

N/A

SALES FOR RESALE (466)

LINE #	COMPANY	GALLONS	AVG. RATE (CENTS)	AMOUNT
1				
2	NONE			
3				
4				
5				
6				
7	TOTAL			

WATER PRODUCED, PURCHASED AND DISTRIBUTED

LINE #	ITEM	GALLONS
1	WATER PRODUCED AND PURCHASED:	
2	Water Produced	291,800,000
3	Water Purchased	-0-
4	TOTAL PRODUCED AND PURCHASED	291,800,000
5	DISTRIBUTION OF WATER PRODUCED AND PURCHASED:	
6	Water Sold:	
7	TOTAL SALES OF WATER	235,953,000
8	OTHER WATER USED:	
9	Free Customers (estimate portion not metered)	250,000
10	Water Used by Company (estimate portion not metered)	37,035,000
11	Line Loss and Other Unaccounted for Water (estimate)	18,562,000.
12	TOTAL OTHER WATER USED	-0-
13	TOTAL (must agree with line 4 above)	291,800,000

PERCENTATE OF LINE LOSS (line 11 divided by line 4) 6.36 %

WATER STATISTICS

CUSTOMER TYPE

NUMBER OF GALLONS SOLD

Residential (460)	
Commercial (460)	
Industrial (460)	
TOTAL (460)	
Residential (461)	198,090,047
Commercial (461)	37,862,953
Industrial (461)	- 0 -
TOTAL (461)	235,953,000
Private Fire-Protection Service (462)	
Public Fire-Protection Service (463)	
Other Sales to Public Authorities (464)	
Sales to Irrigation Customers (465)	
Sales for Resale (466)	
TOTAL GALLONS OF WATER SOLD	235,953,000

PLANT STATISTICS

Give the following information:

1. Number of fire hydrants, by size
2. Number of private fire hydrants, by size
3. Whether water supply is river, impounded streams, well, springs, artificial lake or collector type well
4. Whether supply is by gravity, pumping, or a combination
5. Type, capacity, and elevation of reservoirs at overflow and ground level
6. Miles of main by size and kind
7. Types of filters: gravity or pressure, number of units, and total rated capacity in gallons per minute
8. Type of chlorinators, number of units and capacity in pounds per 24 hours
9. Station equipment. List each pump separately, giving type and capacity and H.P. of driving unit and character of driving unit (steam, electric, or internal combustion). State whether pump is high or low duty.
10. Quantity of fuel used: coal in pounds, gas in cu. ft., oil in gallons, and electric in KWH.
11. Give a description and total cost of any sizable additions or retirements to plant in service outside the normal system growth for the period covered by this report
12. Capacity of clear well
13. Peak month, in gallons of water sold
14. Peak day, in gallons of water sold

1.) 103(5 1/4") , 76(4 1/2) , 83(Flush)

2.) None

3.) Wells

4.) Pumping & Gravity

5.) Pedestal Sphere, 150,000 gallon, El. 562.0' @ overflow, El. 410.0' @ ground level
 Torosphere w/vert. shell, 500,000 gal., El. 562.0' @ overflow, El. 423.0' @ ground level

6.) 80 Miles

7.) Gravity Filters, 2 units, 1.5MGD each

8.) V-Notch Chlorinator, 1 unit, 0-100 pounds/day

9.) HIGH SERVICE PUMPS

A.) Vertical Turbine, 600GPM, 40HP, Electric

B.) " " " " " " " "

C.) " " " " " " " "

WELL PUMPS

A.) Vertical Turbine, 250GPM, 30HP, Electric

B.) " " " " 20HP "

C.) " " " " 20HP "

D.) " " " " 30HP "

E.) " " " " 50HP "

F.) " " " " 300GPM, 30HP, "

G.) " " " " 400GPM, 60HP, "

10.) Electricity, KWH not available

11.) None

12.) 275,000 Gallon

13.) July 32,301,000

14.) February 14,036,00

OATH

Commonwealth of Kentucky
County of McCracken } ss:

Franklin Overby makes oath and says
(Insert here the name of the affiant)

that he is General Manager of
(Insert here the official title of the affiant)

Reidland Water-Sewer District ;
(Insert here the exact legal title or name of the respondent)

that it is his duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he has carefully examined the said report and to the best of his knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 1998 to and including December 31, 1998

Franklin Overby
(Signature of affiant)

Subscribed and sworn to before me, a Notary, in and for the
State and County above named, this 31ST day of March, 1999

(Apply Seal Here)

My commission expires 1-22-2000

Rose D. Shaver
(Signature of officer authorized to administer oaths)

46436

AGREEMENT

THIS AGREEMENT made and entered into this 30 day of June, 1999, by and between REIDLAND WATER-SEWER DISTRICT, hereinafter referred to as "District," and PADUCAH WATER WORKS d/b/a Paducah-McCracken County Water System, hereinafter referred to as "System";

WITNESSETH:

WHEREAS, District desires to merge its entire water distribution system with water distribution system of System, and System desires to acquire the water distribution system of District; and

WHEREAS, District and System now desire to formalize their agreement in writing;

NOW, THEREFORE, for valuable consideration, the legal adequacy and sufficiency of which is hereby acknowledged by all parties, the parties do covenant and agree as follows:

1. TRANSFER AND ACCEPTANCE.

- 1.1 Description of Agreement. Subject to the terms and conditions of this Agreement, District hereby agrees to transfer unto System and System hereby agrees to accept from District, District's entire water distribution system and water treatment plant. Included in this transfer and acceptance are all rights in real property, all equipment and personal property, all water storage tanks, all easement rights, all water distribution facilities, all contract rights and accounts of District, and all cash on hand. It is the intent of District and System that this transfer and acceptance shall include all of District's assets, including both real and personal property, and all rights, and privileges of every kind and nature, and wheresoever situated.
- 1.2 Title to be Delivered. District agrees to transfer marketable fee simple title to all of the real and personal property of District, which property shall not be subject to any lien or adverse interest of another except as may be acceptable to System. System shall, at its cost, have a title examination performed on the property transferred herein.

1.3 Documents of Transfer. District shall execute all documents of transfer, including appropriate and recordable deeds of conveyance and bills of sale. All documents of transfer shall be duly authorized by appropriate resolution of District.

1.4 Assumption of Debt and Contract Agreements. In consideration of the transfer of the property of District to System, System agrees that it shall assume all of the debt of District on the date of closing. Additionally, System shall accept and honor all legally binding contractual agreements of District with its customers and developers, including all pay back contract, if any. However, these assumption provisions shall only be valid and enforceable subject to the following conditions:

1.4.1 District shall use best efforts to identify to System all District debts and contracts; and

1.4.2 All conditions precedent to closing shall have been fully satisfied and complied with.

2. REPRESENTATIONS AND WARRANTIES OF DISTRICT.

2.1 Merchantable Title. District hereby represents and warrants to System that it has full and complete merchantable title to its real and personal properties. System may waive any defect at its option.

2.2 Condition of Facilities. District hereby represents that to the best of its knowledge its facilities are in compliance with all federal, state, and local law.

2.3 Financial Condition of District. District hereby represents that to the best of its knowledge the last audit substantially represents the District's financial condition.

2.4 Adverse Proceeding. District hereby represents to System that to the best of its knowledge it is not presently a party to any judicial or administrative proceeding, nor has it knowledge of any threatened or imminent judicial or administrative proceeding.

2.5 Operations. District hereby represents to System that to the best of its knowledge the operation of its water treatment plant and water distribution system has been and continues to be in compliance with all federal, state, and local regulatory law.

3. OBLIGATIONS OF DISTRICT PRIOR TO CLOSING.

- 3.1 Obligations to Continue Management of Facilities. From and after the date of the execution of this Agreement to date of closing, District shall continue the management, operation, and maintenance of District's water distribution system in a sound and reasonable manner and in accordance with standard water distribution practices. Additionally, District shall continue to collect its water charges from its customers in the usual and customary manner, and shall maintain good operating and accounting records.
- 3.2 Prohibition Against Further Liability and Expenditures. From and after the date of the execution of this Agreement to date of closing, District shall not incur any additional liability or debt nor make any expenditure of funds unless such liability, debt, or expenditure is reasonably necessary to the continued operations of District, or District's compliance with its obligations as herein assumed. Additionally, District shall not enter into any additional contractual relationship with any of its customers which is not in the ordinary course of business unless the prior written consent of System is obtained.
- 3.3 Information to be Disclosed to System. District shall make reasonable efforts to identify to System each and every, liability, debt and contract to be assumed by System as provided for herein, and provide to System any agreements, documents or writings evidencing same. Additionally, District shall provide to System full and complete access to all of its files, records, documents, maps, and writings, and System may request that District personnel be available to System to be interviewed about operational matters, or otherwise provide information regarding the operation of the District.
- 3.4 Access to Real and Personal Property. District shall provide to System full and complete access to its real and personal properties, and each and every part of its water distribution system. System shall have the right to fully inspect same, and perform any test or study as relates to same. District shall identify to System any known defects or needs of imminent repair or replacement regarding any of the aforesaid property. Additionally, District shall identify and provide to System any manufacturer's warranties, documents of purchase, service agreements or other written representations as relate to any of District's property.

4. OBLIGATIONS OF SYSTEM PRIOR TO CLOSING.

4.1 Investigation. From and after the date of execution of this Agreement, System shall immediately commence its due diligence and inspection of the District, including the physical assets and all documents and records relating to liabilities, debts and contracts to be assumed by System as provided herein, and of the document and records relating to the financial worth and condition of District. System may employ, at its expense, any engineer, accountant, attorney, or any other expert to perform any part of the investigation and inspection to be performed by System.

4.2 Approvals. From and after the date of the execution of this Agreement, System shall initiate, at its cost, the appropriate proceedings before the City of Paducah City Commission ("City Commission"), and/or the McCracken County Fiscal ("Fiscal Court"), to procure their consent and approval to this Agreement. System shall file with the City Commission and/or the Fiscal Court its recommendation for approval, and utilize its best efforts to procure such approval. Additionally, System shall initiate, at its cost, the appropriate proceedings before any state or federal agencies, specifically including the Public Service Commission, for their consent and approval of this Agreement, and the transfer and acceptance as herein provided.

4.3 Audit. From and after the date of the execution of this Agreement, System may, at its election and cost, have a certified public accountant, perform an audit of District for the years 1997 and/or 1998.

4.4 Documents of Transfer. System shall have prepared, at its cost, all documents of transfer, including any deeds of conveyance and bills of sale which shall be available for inspection by District prior to the time of closing.

5. CONDITIONS PRECEDENT TO TRANSFER AND ACCEPTANCE.

5.1 Conditions Precedent. Notwithstanding the foregoing transfer and acceptance, this transfer and acceptance shall be subject to the following conditions precedent:

- 5.1.1 Title to the real and personal property transferred herein shall be marketable fee simple title free and clear of all liens or adverse interests except those acceptable to System;
 - 5.1.2 The transfer and acceptance shall be approved, if legally necessary, by the City Commission and/or the Fiscal Court;
 - 5.1.3 The transfer and assignment shall be fully and finally approved by applicable state and federal agencies, specifically including the Public Service Commission;
 - 5.1.4 The debts to be assumed by System as provided for herein are acceptable to System at its discretion;
 - 5.1.5 The liabilities to be assumed by System as provided for herein are acceptable to System at its discretion;
 - 5.1.6 The contractual agreements to be assumed by System as provided for herein are acceptable to System at its discretion;
 - 5.1.7 District shall be solvent and in a good financial condition;
 - 5.1.8 The real and personal property to be transferred herein shall be in an acceptable condition and state of repair;
 - 5.1.9 All other representations and warranties of District to System have been fully satisfied and complied with; and
 - 5.1.10 Adoption of Ordinance. System shall use its best efforts to obtain from the City Commission of the City of Paducah the adoption of the proposed ordinance which is attached hereto and marked Exhibit "A." Failure of the City Commission to adopt the proposed ordinance, by the date of closing, will, at District's option, be grounds to terminate this Agreement.
- 5.2 Satisfaction of Conditions Precedent. On the date of closing, all of the above-referenced conditions precedent shall be fully satisfied and complied with. In the event any one of the aforesaid conditions precedent is not fully satisfied and complied with, System, at its option, may terminate this Agreement, and upon such termination, the Agreement shall be of no further legal force and effect. Upon such termination, the District shall not be liable to System in any manner whatsoever.

6. **CLOSING.**

- 6.1 Date and Place of Closing. Upon System's determination that all conditions precedent have been fully satisfied and complied with, System shall immediately give written notice of such fact to the District. Closing shall take place as soon as practicable following the date of said notice, but in no event shall it be more than 90 days from notice.
- 6.2 Documents of Transfer. At the time of closing, District shall tender to System properly executed documents of transfer including appropriate resolutions of District authorizing the transfer and appropriate deeds of conveyance and bills of sale. Additionally, at the time of transfer, District shall tender to System all of its records and documents including, but not limited to, bank accounts, customer accounts and files, engineering plans, financial statements, audits, easements, contracts with customers, etc. It is the intent of the parties herein that on date of closing, any and all of the property, rights and privileges shall be finally assigned and transferred to System.
- 6.3 Notice of Closing to District Customers. In the event there is any requirement that notification of final transfer of District's assets and property be given to the customers of District, District agrees to provide such notification.

7. **OBLIGATIONS OF DISTRICT SUBSEQUENT TO CLOSING.**

- 7.1 Assistance in Transition. Immediately subsequent to closing, District shall utilize its best efforts to assist System in transferring the customer accounts and files to System's system and to otherwise cooperate and assist System to finalize the transfer of property and the assumption of District's operations by System. District shall not do any act or omit to perform any act which is adverse or inimical to this Agreement.
- 7.2 Dissolution of District. At such point in time that the transfer of property from District to System has been fully finalized, and the assumption by System of District's operations has been fully effectuated, System, on behalf of District, shall file with the Public Service Commission a petition, application or other pleading or document requesting dissolution of District. District shall perform all other acts necessary to finalize dissolution of District. All necessary

costs including necessary legal services, relating to dissolution proceedings, shall be assumed by System.

8. POST-CLOSING OBLIGATIONS OF SYSTEM.

- 8.1 Operations of District's Water Distribution System. From and after the date of closing, System shall assume full control of the operations of District's water distribution system and water treatment plant and shall assume full responsibility for providing a quality and adequate water supply to the customers of District. It is the intention of this Agreement that System shall treat all District customers in all respects the same as present System customers located in County areas of Farley, Concord and Massac ("County Customers"). Additionally, System shall have full responsibility to repair, replace and otherwise maintain District's former water distribution facilities. System shall operate and maintain the water distribution facilities in accordance with its general practices and standards which System utilizes in relation to its County customers and, additionally, in compliance with all federal and state law.
- 8.2 Rates. Water rates charged by System shall be the identical water rates charged by District to its customers on the effective date of this agreement.
- 8.3 Future Rate Increases. Water rate increases to the District's former customers shall be based on the same percentage given to all customers of the same class uniformly across System in both the City and the County. The District's customers currently are charged twenty percent (20%) less than System's rate to City customers. This twenty percent (20%) differential shall be maintained for a period of ten (10) years. After the ten (10) year period, System reserves the right to gradually equalize the rate to a maximum of the next lowest System rate.
- 8.4 Expansion of District Water Distributions. System shall use its good faith and good business, engineering, and operational practices to establish water system expansions and improvements which are necessitated by reason of the growth and development of the present area in District. Any necessary water system expansion and improvements shall be addressed and implemented by System in accordance with the same general practices and standards which System utilizes in relation to its County Customers. Additionally, any future tap-on fees, for new, non-existing extensions, for any customers

located within District, shall be calculated and established in the same manner as the tap-on fees charged by System to its County Customers in accordance with the same general practices and standards.

System shall make every good faith effort to perform water system extensions and improvements so as to aid the growth and prosperity of the District area. The foregoing notwithstanding, all water extensions and improvements shall remain in the discretion of System and shall at all times be subject to prudent business practices and standards for water utilities.

8.5 Real Property Transferred at Time of Closing—Use by System. All real property which is transferred by District to System at time of closing shall be held by System and/or used by System for water distribution and supply purposes only.

8.6 District's Debts. System agrees to pay and satisfy all assumed debts of District in accordance with the arrangements made by District to its various creditors.

8.7 District's Contracts. System agrees to assume and perform all contractual obligations of District.

8.8 District's Attorney Fees. System agrees to pay and satisfy reasonable and necessary attorney fees, if any, incurred by District in seeking Public Service Commission approval of this Agreement.

8.9 District Employees.

8.9.1 Offer of Employment. System shall offer employment to all non-management employees of District or, at the option of System, in order to avoid duplication and undue expense to rate payers, the System may offer to selected non-management employees a Severance Agreement which will provide a lump sum cash payment of an amount equal to six months of the employees base salary at District, as of March 1, 1999. Acceptance or non-acceptance of a severance offer will be solely at the option of the employee.

System shall, in good faith, consider and may offer employment to District's management employees to meet the needs of System as determined by System in its discretion.

8.9.2 Wages and Benefits. District employees who accept employment with System shall be given a salary and benefits commensurate with System employees in a similar job classification, as determined by System. Current System employee wages and benefits are attached hereto, for illustration purposes, as Exhibit "B". District employees' years of service shall be carried over in regard to vacation and sick leave and there will be no waiting period for insurance benefits. Retirement benefits shall be carried over in compliance with ERISA.

8.9.3 Policies and Duties. District employees shall be subject to the same employment policies and job regulations as System's current employees and shall perform job duties as directed by System in its discretion.

8.10 Storage Tanks. System shall maintain the name, "Reidland" on any existing storage tanks in the District and shall use such name on any future storage tanks.

8.11 Marshall County Customers.

8.11.1 System shall assume full responsibility for providing a quality water supply to the District customers residing in Marshall County ("Marshall County Customers"). System shall treat all Marshall County Customers in all respects the same as System Reidland Customers.

8.11.2 Upon presentation to System of a petition, signed by one-third (1/3) of Marshall County Customers, requesting the transfer of Marshall County Customers to a Marshall County water distribution system, System shall not raise any objections and shall allow such transfer to be executed, provided that System shall be fairly compensated for any improvements, made after the closing date, and made in Marshall County or for the benefit of Marshall County Customers.

8.11.3 Unless a petition is presented in accordance with paragraph 8.11.2 above, System reserves the right to take any legal action it deems necessary to protect its customer base from hostile take-over efforts by any entity.

9. MISCELLANEOUS.

- 9.1 Reference to System's General Practices and Standards. The references in this Agreement to System's "general practices and standards" shall be defined to include not only the general practices and standards presently utilized by System, but additionally, any other practices and standards which may be utilized by System in the future, so long as said general practices and standards treat District customers in all respects the same as System County Customers. Nothing contained in this Agreement shall impair or limit System from amending or modifying its general practices and standards, or implementing new practices and standards. The intent of the parties hereto is merely that the District customers shall be treated as System County Customers, as they are presently treated by System and as they may be treated by System in the future.
- 9.2 Entire Agreement. This Agreement represents the entire agreement by and between the parties hereto, and all prior promises, representations, covenants and understandings are fully merged herein. There are no other promises, terms, conditions, or obligations other than those specifically contained herein.
- 9.3 Captions. The captions appearing in this Agreement have been asserted for the purpose of convenience and ready reference. They do not purport to, and shall not be deemed to, define, limit, or extend the scope or intent of the clauses to which they pertain.
- 9.4 Applicable Law. It is mutually understood and agreed that this Agreement shall be governed by the laws of the Commonwealth of Kentucky as to both interpretation and performance.
- 9.5 Binding Effect. This Agreement shall bind and inure to the benefit of the parties hereto, and each of their respective successors and assigns.
- 9.6 Assignment. This Agreement, any interest herein, or any claim arising hereunder, shall not be transferred by either party without the prior written consent of the other party.
- 9.7 Notices. Notice to System and District shall be given at the following addresses:

System
401 Washington Street
P. O. Box 2377
Paducah, Kentucky 42002

District
5514 Reidland Road
Paducah, Kentucky 42003

9.8 Severability. The parties agree that if a court of competent jurisdiction holds any one or more of the paragraphs or subparagraphs of this Agreement to be invalid or ineffective for any reason, any such paragraph or subparagraph will be deemed separate from the remainder of this Agreement and will not affect the validity and enforceability of the remaining provisions.

9.9 Indemnification. From and after the date of execution of this Agreement and after the closing, System agrees to fully indemnify and hold harmless the District, or any of its commissioners individually, from any claim by any persons by reason of the District entering into this Agreement or obligations which flow therefrom.

System agrees to fully indemnify and hold harmless the District and its commissioners individually from any and all liability, costs, and damage because of injury of any person or damage to or destruction of property incident to or arising out of any act or request of System performed by the District or System after the entering of this Agreement and prior to the closing.

It is clearly understood that System assumes all rights, obligations, debts, claims, or contingent claims of District at the time of closing and will fully indemnify and hold harmless the District or its commissioners individually from any such obligation, debt or claim.

9.10 District Office. The District's present office will remain open for not less than six months after the date of closing for paying of accounts and customer service. After six months the System shall review consumer use of the office and determine whether it should remain open for a longer period.

9.11 Third Party Beneficiaries. The parties hereto expressly agree that for a period of five years from the date of this Agreement the customers of the District, at the time of this Agreement, shall be considered to be third party beneficiaries to this Agreement and during said period any customer, residential or commercial, may seek to enforce in a court of law any failure of the parties to honor the duties and obligations set forth herein. It is expressly agreed that the legal dissolution of the District shall not abrogate rights of said third party beneficiaries as set forth in this section.

IN WITNESS WHEREOF, the parties hereto have set their hands on the date first above written.

REIDLAND WATER-SEWER DISTRICT

By William L. Sims

Title Chairman

PADUCAH WATER WORKS d/b/a PADUCAH-McCRACKEN COUNTY WATER SYSTEM

By W.J. Breckenborough

Title Chairman

STATE OF KENTUCKY)

COUNTY OF McCRACKEN)

Subscribed and sworn to before me this 30th day of June, 1999, by William L. Sims, Chairman (title) of Reidland Water-Sewer District.

My commission expires: 1-22-2000

Rose A. Shaw
NOTARY PUBLIC, STATE AT LARGE

STATE OF KENTUCKY)

COUNTY OF McCRACKEN)

Subscribed and sworn to before me this 28th day of April, 1999, by W.J. Breckenborough, Chairman (title) of Paducah Water Works d/b/a Paducah-McCracken County Water System.

My commission expires: September 11, 2002

Susan G. Skipwith
NOTARY PUBLIC, STATE AT LARGE

PROPOSED CHANGES TO SECTION 114-291 AND
SECTION 114-292 OF THE CODE OF ORDINANCES
OF THE CITY OF PADUCAH

A NEW SECTION IS TO BE CREATED WHICH SHALL READ AS FOLLOW:

1. There is hereby created a commission to be entitled "Commissioners of Waterworks" composed of seven members who are to be appointed as follows:
 - a. All Commissioners of Waterworks shall reside in an area served by the waterworks and be registered voters in McCracken County.
 - b. Two (2) Commissioners of Waterworks shall live within the corporate limits of the City of Paducah and they shall be appointed by the Mayor subject to the approval of the Board of Commissioners of the City of Paducah.
 - c. One (1) Commissioner of Waterworks, appointed by the mayor, must be a member of the Board of Commissioners of the City. The appointee shall serve in an ex officio, voting capacity for the period of his appointment which may be limited pursuant to City Ordinance.
 - d. Three (3) Commissioners of Waterworks shall live outside the corporate limits of the City of Paducah. One each must reside in McCracken County, Magisterial Districts No. 1, No. 2, and No. 3. The McCracken County Judge-Executive shall submit a list of nominees with nine names (three from each magisterial district). The Mayor shall make appointments from each list, subject to the approval of the Board of Commissioners.
 - e. One (1) Commissioner of Waterworks shall be a joint appointment of the Mayor and McCracken County Judge-Executive requiring the approval of both the Board of Commissioners of the City of Paducah and the McCracken County Fiscal Court.
 - f. All successors and/or vacancies caused by unexpired terms to the Commissioners of Waterworks appointed under Sections (c), (d) and (e) above shall be appointed by the same procedure as set forth herein.
 - g. As a matter of legislative intent the Board of Commissioners declares that the purpose in enacting Sections (1) through (f) above is to facilitate the consolidation of public water utilities and provide assurances to existing McCracken County water districts that future direction of the City's Waterworks shall be through Commissioners of Waterworks who are appointed and approved so as to give balanced representation to all water users, both within and outside the corporate boundaries of the City of Paducah.

**Contract Wage & Benefit Exhibit
March 11, 1999**

Current Union Contract Wage Scale Effective March 1, 1999:

Office:

Customer Service Representative	\$12.96
Meter Reader	\$14.12

Distribution:

Utility Inspection & Maintenance	\$14.57
Operator	\$14.22
Laborer	\$13.35

Treatment Plant:

Maintenance	\$14.90
Operator	\$14.77
Laborer	\$13.35
Instrumentation Technician	\$16.38

New union employees to the utility start at 80% of the classification wage rate and advance 5% per year until reach the maximum of the classification. Annual contract increases are also given.

Non-Union Staff Salary Ranges

Distribution Foreman	\$17.50
Distribution Staff Position	\$17.50 - \$23.00

Benefits

Health & Dental:

Fully paid family plan with a maximum cost cap. Currently all the employees are paying \$2.07 per week toward the cost of the coverage with the company paying the rest.

Other Benefits Provided:

- Life Insurance
- Holiday Pay Schedule
- Vacation Leave
- Sick Leave
- Miscellaneous